BPA Field Hearing – FY 07 Rate Case
Kalispell, MT
November 30, 2005

RE: FY 2007-09 Power Rate Case

Good evening. My name is Jim Stromberg and I am here tonight to offer comments on behalf of the management and employees of the Columbia Falls Aluminum Company (CFAC). For the record, CFAC is not a formal party to the rate case. Tonight's subject is important and we appreciate the difficult task BPA has in balancing the many competing forces that are brought to bear in a rate case.

We would like to thank you for holding a field hearing here in the Flathead Valley.

The rate BPA sets for October 1 is extremely important to the health of the Northwest economy in general and specifically to businesses and their employees in the Flathead Valley. CFAC is one of those employers. We operate an aluminum smelter here in the Flathead Valley. The CFAC plant has been a customer of BPA for the last 50 years, but at present, CFAC is operating at only 20% of capacity. But even at such a reduced level, CFAC is providing about 150 of the highest paying jobs in the Flathead Valley and spending literally millions of dollars annually on goods and services, much of it right here in the Flathead Valley.

And yet, we are struggling. We would very much like to continue to provide needed tax support and high paying jobs, and eventually return to full production with a total of close to 600 jobs. But our ability to continue to provide high-paying jobs and infrastructure support is threatened. It is threatened by the high cost of power.

Under a new (proposed) contract with BPA, CFAC will effectively have the opportunity to get power to its facility at a cost hopefully equal to the PF rate, which BPA will set in this rate case. CFAC will buy power from the market and BPA will provide a financial payment to CFAC that allows it to "buy down" the cost of power to the PF rate, but not below.

BPA's initial proposal shows a flat PF of about $29/MWH before any adjustments for unknowns (i.e., CRACs). $29/MWH is less than the effective PF rate over the last 4 years but substantially greater than the PF rate prior to 2001.

The punch line for us is very clear - if the PF rate is set at too high a level, it is very unlikely that CFAC will be able to make the surplus sale/financial payment contract with BPA work. If that is the result, CFAC is faced with closing its doors.

We need a PF rate below $30/MWH.

Thank you for the opportunity to comment on this very important matter.